

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 SAJ-01 AID-20 COME-00 EB-11

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 INT-08 SCEM-02 NIC-01 DRC-01 /211 W

----- 003728

R 300730Z NOV 73K

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 5474

INFO AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMCONSUL MUNICH

"/AMEMBASSY SOFIA 1189

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ECON, ENRG, ETRD, PROF, CZ

SUBJ: CZECHOSLOVAK CENTRAL COMMITTEE PLENUM ON
ECONOMIC MATTERS

1. TWO-DAY CC PLENUM ENDED NOVEMBER 28 AFTER HEARING REPORTS
BY HUSAK AND STROUGAL ON STATE OF ECONOMY AT END OF THIRD YEAR
OF 1971-1975 PLAN. FINAL RESOLUTION EXPRESSED GENERAL
SATISFACTION WITH STATE OF ECONOMY BUT POINTED TO PARTICULAR
PROBLEMS INCLUDING (A) DELAY IN CONSTRUCTION PROJECTS; (B) NEED
TO BUILD UP EXPORTS, PARTICULARLY IN ENGINEERING FIELD; (C) SATISFYING

CONSUMERS; (D) IMPROVING GENERAL EFFICIENCY.

2. ALTHOUGH RESOLUTION DID NOT ADDRESS ITSELF SPECIFICALLY TO
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ENERGY PROBLEM, STROUGAL EMPHASIZED NEED TO ENSURE ENERGY

SUPPLIES AS "EXTREMELY IMPORTANT PROBLEM AND NOT ONLY FOR NEXT YEAR". HE SAID THAT BECAUSE OF LIMITATIONS ON DOMESTIC PRODUCTION, ENTIRE INCREASE IN ENERGY USE IN 1974 WOULD HAVE TO BE COVERED BY IMPORTS. HE CALLED FOR MAXIMUM CONSERVATION OF ENERGY OVER PRESENT WINTER, INCLUDING HOUSEHOLD USE AT PEAK HOURS.

3. NOT SURPRISINGLY STROUGAL DESCRIBED TRADE WITH SOCIALIST STATES AS OCCUPYING "DECISIVE PLACE" IN 1974 PLAN. HE CALLED FOR PARTICULARLY CLOSE COOPERATION OF PRODUCERS, FTOS, ETC. IN PROBLEM AREAS IN THIS TRADE, PARTICULARLY EXPORT AND IMPORT OF ENGINEERING PRODUCTS. (AS PREVIOUSLY REPORTED, CZECHS AND SOVIETS HAVE EACH EXPRESSED SOME DISSATISFACTION WITH THEIR TRADE IN THIS FIELD.)

4. STROUGAL DESCRIBED COMING YEAR'S TRADE WITH WESTERN COUNTRIES IN LESS THAN ENTHUSIASTIC TERMS. HE SAID THIS TRADE WOULD BE INFLUENCED BY NEW SITUATION IN WEST INCLUDING "UNEVEN GROWTH" AND MONETARY AND FUEL CRISIS WHICH RAISED PROCES. SLOWER PACE IN ECONOMIC GROWTH OF SOME CAPITALIST STATES COULD ALSO IMPEDE CZECHOSLOVAK EXPORTS TO THEM.

5. STROUGAL SAID THAT IN 1974 CZECHOSLOVAKIA WOULD SEEK OPPORTUNITIES TO EXPAND INDUSTRIAL COOPERATION WITH WEST, AND WOULD REVIEW OTHER POSSIBLE FORMS FOR JOINT ECONOMIC ACTIVITIES. (MINISTRY OF FOREIGN TRADE OFFICIAL TOLD EMBASSY OFFICER THAT INsofar AS HE WAS AWARE, STROUGAL WAS NOT RPT NOT HINTING AT POSSIBILITY OF WESTERN EQUITY IN VENTURES INSIDE CZECHOSLOVAKIA.)

6. STROUGAL SAID CEMA STATES WERE PRESENTLY GIVING TOP ATTENTION TO QUESTION OF ENSURING THEIR NEEDS OF SOPHISTICATED FUEL, RAW MATERIALS AND MATERIALS. (NOTED: BY SOPHISTICATED"-- "USLECHTILYCH"--WE BELIEVE STROUGAL MEANT FUELS OTHER THAN COAL.) PROPOSALS FOR BUILDING UP PRODUCTION CAPACITY IN USSR WERE PRESENTLY UNDER STUDY, AND HE SAID THAT THIS REPRESENTED UNUSUALLY IMPORTANT BOON FOR CZECHOSLOVAKIA. BUT HE NOTABLE REFRAINED FROM INDICATING CZECHS HAD YET AGREED TO ANY SUCH PROPOSALS (EXCEPT OF COURSE FOR ASBESTOS), WHICH ACCORDING TO EARLIER RUMOR (PRAGUE A-130) COULD COST CZECHS TOTAL OF TWENTY BILLION CROWNS.

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7. ALL IN ALL PLENUM AS SO FAR REPORTED CONFIRMS OUR EARLIER IMPRESSION THAT LEADERSHIP IS RELATIVELY SATISFIED WITH PRESENT STATE OF ECONOMY BUT THAT PROBLEMS--ENERGY AND RAW MATERIALS SUPPLY CENTRAL AMONG THEM--ARE LOOMING.
SHERER

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